

ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Escutia Analyst: Gloria McConnell Bill Number: SB 940
Related Bills: See Legislative History Telephone: 845-4336 Amended Date: 07/10/03
Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Court Ordered Debt/Judicial Council After Consultation With FTB May Provide Amnesty Program For Collection Of Outstanding Fees, Fines, Forfeitures, Penalties & Assessments

Under this bill, Judicial Council (JC) could provide a program to waive interest or collection costs imposed on fines and other court-ordered debts (hereafter "amnesty program") after consultation with the Franchise Tax Board (FTB).

The other provisions in the bill that pertain to JC, the courts, and collection matters of the court, do not affect FTB's programs or operations, and therefore, are not addressed in this analysis.

SUMMARY OF AMENDMENTS

The July 10, 2003, amendments pertain to collection matters of the court.

The July 3, 2003, amendments required JC to consult with FTB before providing for an amnesty program and eliminate the requirement that FTB seek additional resources for its court-ordered debt collection program.

The June 16, 2003, amendments allowed JC to establish an amnesty program and required FTB to seek additional resources for its court-ordered debt collection program.

This is FTB's first analysis of this bill.

PURPOSE OF THE BILL

According to the author's office, the intent of this bill is to enhance the ability for the courts to collect the amounts owed them.

EFFECTIVE/OPERATIVE DATE

This bill would be effective and operative January 1, 2004.

POSITION

Pending.

Board Position:

<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING

Department Director

Date

Will Bush for Gerald H. Goldberg 7/30/03

ANALYSIS

STATE LAW

Under state law, the state or county, including superior court, generally may refer past due court-ordered debts to FTB for collection. FTB collects the debt in any manner authorized under the laws for collection of delinquent personal income tax liabilities.

FTB's costs attributable to this collection program are reimbursed through the amount FTB collects for the program, not to exceed 15%. In general, the county or state fund originally owed the debt receives the net collections after reduction by the amount of FTB's departmental costs.

THIS BILL

Under this bill, JC would be allowed to provide for a collection amnesty program after consultation with the FTB regarding its court-ordered debt collection program. The amnesty program would provide that some or all of the interest or collection costs imposed on fines and other amounts may be waived if the remaining amounts due are paid within the amnesty period.

IMPLEMENTATION CONSIDERATIONS

Staff has identified no implementation considerations.

LEGISLATIVE HISTORY

See "Program Background" below.

PROGRAM BACKGROUND

FTB's court-ordered debt collection program began in 1995 (AB 3343; Statutes 1994, Chapter 1242), and has collected approximately \$100 million since the program's inception.

OTHER STATES' INFORMATION

A review of *Florida, Illinois, Massachusetts, Michigan, Minnesota, and New York* laws and collection practices for court-ordered debts were made. These states were selected due to their similarities to California's economy and tax laws. In these states, court-ordered debts do not appear to be subject to collection by their state tax department; therefore, a comparison for purposes of this bill analysis cannot be made.

FISCAL IMPACT

Departmental Costs

This bill would not affect departmental costs.

ECONOMIC IMPACT

Collection Estimate

This bill is not anticipated to have an impact on FTB's court-ordered debt collection program, because it (1) merely allows, rather than requires, JC to establish an amnesty program, and (2) requires consultation with FTB before the amnesty program may be established.

LEGISLATIVE STAFF CONTACT

Gloria McConnell
Franchise Tax Board
845-4336
gloria.mcconnell@ftb.ca.gov

Brian Putler
Franchise Tax Board
845-6333
brian.putler@ftb.ca.gov